



Purpose: For Decision

Committee report

Committee	FULL COUNCIL AND CABINET
Date	19 JUNE 2013
Title	CHILDREN'S SERVICES - STRATEGIC PARTNERSHIP WITH HAMPSHIRE COUNTY COUNCIL
Report of	LEADER OF THE COUNCIL CABINET MEMBER FOR CHILDREN'S SERVICES

EXECUTIVE SUMMARY

1. The report sets out the conclusion of the negotiations with Hampshire County Council in developing a Strategic partnership in respect of the Isle of Wight Council's children's services. It also sets out the final position on the Ministerial Direction received from the Department for Education.
2. As the agreement to enter into the Partnership is an executive decision this will be made by the Cabinet. Cabinet at its meeting on 4 June agreed to seek the views of council prior to making the final decision.
3. Council are also asked to agree, that on the completion of the agreement, to appoint Mr John Coughlan of Hampshire County Council as the Director of Children's Services for the Isle of Wight Council.

BACKGROUND

4. The Council's Children's Safeguarding function was inspected by Ofsted between 26 November and 5 December 2012. This inspection found that the overall effectiveness of the arrangements to protect children on the Isle of Wight was judged to be inadequate.
5. The findings of the inspection and the Council's immediate response were reported to the Cabinet at its meeting on 12 February 2013. Following this meeting it became clear from the Department for Education that a Ministerial Direction would be made that would include not just children's safeguarding but education as well and would require the Council to enter into a strategic partnership with Hampshire County Council to deliver the necessary improvements.
6. Hampshire County Council formally set out in a letter from their Chief Executive on 15 February 2013 their willingness to enter into a strategic partnership with the Isle of Wight Council. This was subsequently approved by Hampshire County Council's Executive Member for Children's Services on 25 March 2013.

7. A progress report was made to the Children and Young People's Scrutiny Panel at its meeting on 7 March 2013 and John Coughlan and his Deputy Director (Children and Families) attended the meeting. The Cabinet have also considered further progress reports at each of its meetings since 12 February 2013.
8. One of the main thrusts of the partnership with Hampshire County Council, in helping the Isle of Wight Council to achieve the step change in improvement required is that their Director of Children's Services John Coughlan would also assume the role of Director of Children's Services for the Isle of Wight Council. This was initially considered, and agreed in principle, at the meeting of full council on 20 March 2013 (which considered a recommendation from the Employment Committee held on 11 March 2013).
9. Since that time officers of both Councils have been progressing the development of a formal partnership agreement through individual authority project boards and a joint operational board. A progress report was made to Cabinet on 4 June and a member briefing session was held on 7 June 2013.

MINISTERIAL DIRECTION

10. The draft Ministerial Direction was issued in May 2013 and was reported to Cabinet on 4 June 2013. This has now been made final and this is attached at Appendix A.
11. This clearly sets out the Secretary of State's view that the Council is failing to perform to an adequate standard its children's services functions. It also sets out the requirements in relation to the strategic partnership with Hampshire County Council.
12. The strategic partnership will be for a period of five years, with a review after three years, and will include the appointment of John Coughlan as Director of Children's Services. Hampshire County Council will deliver, on behalf of the Isle Of Wight Council, all of its children's services functions.
13. The agreement does provide in certain circumstances, however, for the Partnership to be terminated at any time giving 3 months' notice. This would only occur if there was significant evidence that the Partnership was not working or was no longer sustainable for either or both Councils and could only be done with the approval of the Minister.
14. The thrust of the agreement, however, is that both councils will be treating this as a long -term agreement and positively trying to make it effective and deliver the outcomes required.

DEVELOPMENT OF THE STRATEGIC PARTNERSHIP

15. Each council has set up a project board to progress the work required to develop an effective partnership. There has been significant work undertaken between the operational officers of both councils in scoping what needs to be done, including the written agreement. This has included identifying exactly which services are to be included, how they will operate on the ground, the reporting arrangements, how the costs incurred by Hampshire will be calculated and met, and how the partnership will work in practice to support the services.

16. This work has then been reported to and considered by a joint operational board which includes the Hampshire County Council Director of Children's Services, his deputies on education and social care and the Isle of Wight Council's acting head of paid service and strategic director of community wellbeing and social care.
17. The purpose of the Agreement is to put in place an effective strategic partnership between Hampshire County Council (HCC) and the Isle of Wight Council (IWC), whereby Hampshire County Council will take operational responsibility for the delivery of Isle of Wight Council children's services. This will apply to the full scope of children's services as covered by the Children Act 2004 and the Statutory Guidance on the Role and Responsibilities of the Director of Children's Services.
18. The final draft, subject to final minor wording changes, of the proposed Partnership Agreement is set out in Appendix B
19. Although by its nature the Partnership Agreement covers a number of legal clauses to set down the framework for its operation, the spirit and intent of the partnership is to work together to improve the lives of children on the Island and to ensure improvements across children's services. This will be particularly to improve safeguarding standards for vulnerable children and to work with schools across the Island to improve educational standards for all.

THE HAMPSHIRE OFFER

20. It needs to be recognised that the starting point for the Isle of Wight Council is not a strong one with failing services and a Ministerial Direction that obliges it to make a radical change to its delivery of children's services. The options open to it are extremely limited.
21. Hampshire County Council were approached and were receptive to trying to help the Isle of Wight Council to deal with the difficulties it faces in delivering children's services. This culminated in a broad set of principles being set out in February 2013.
22. Since then the proposed offer from HCC has been developed in the context of the Ministerial Direction and in constructing a relationship that will deliver the outcomes for children and be workable in operational terms.
23. The strategic partnership approach enables significant benefits to IWC namely:-
 - Accessing effective leadership and management from a high performing children's services management team
 - Accessing the capacity required to make significant improvements from a local authority with a large scale children's services operation
 - Sharing through a partnership approach best practice, training and staff development.
 - Achieving economies of scale through the joint delivery of processes and activities needed to deliver required outcomes

- Meeting the requirements of the Ministerial Direction
- Providing a real opportunity to evolve and develop children's services and potentially other services jointly over the life of the Partnership to the greater benefit of Isle of Wight residents
- Delivering all of this while IWC maintains overall political and financial control of these services.

24. The core elements of the Partnership are therefore:-

Scope

That HCC, through John Coughlan and his team, provide the Leadership and management of all children's services for the Isle of Wight Council. This will entail IWC staff reporting directly to HCC managers and a range of input from support staff at HCC.

John Coughlan will become the Director of Children's Services for the Isle of Wight Council as well as for HCC. HCC have confirmed that, as the current Director of Children's Services for HCC, that he fulfils the necessary employment criteria for appointment in the role for the Isle of Wight Council. In that role, as a director of the council, he will also comply with the corporate policies and normal requirements of a director role in the same way as other strategic directors.

It is not intended at the outset that staff will TUPE to or from HCC and staff will retain their existing employment position. As the partnership develops it may be beneficial, however, for certain staff to transfer between the two Council's. This will need to be subject to the necessary consultation with affected staff and in accordance with relevant policies and procedures

HCC will, in managing staff within children's services on the Isle of Wight, do so in accordance with the IWC constitution, scheme of delegations and policy framework, including liaising with IWC HR and Legal services where necessary, in relation to staffing.

John Coughlan would be accountable both through HCC and in respect of children's services on the Isle of Wight to IWC. This will include making reports to the Cabinet, Cabinet Member, Overview and Scrutiny Committee and Children's Scrutiny Panel (and/or other relevant Committee(s) set up as a result of any new committee arrangements).

He would attend, on a monthly basis, the IWC Directors Team and be accountable in the same way as any other Strategic Director.

The IWC would retain the overall political control and accountability for the delivery of outcomes for children's services on the Isle of Wight.

Financial and Budgetary Control

In the context of the provision of the services from HCC they cannot subsidise IWC Services. The Isle of Wight Council, however, also needs to make sure that it is receiving value for money and that the overall arrangements are cost effective.

The agreement includes a simple and reasonable basis for HCC to recover their costs including a reasonable amount for overhead costs without seeking to make a profit. This reflects a partnership approach rather than one based on a straight contract for services.

John Coughlan will have control of the IWC children's services budget and will be responsible for managing that budget in the same way as would any other strategic director for their services. He, like any other director of children's services, will develop budget plans and resource plans for the Services in order to meet statutory duties and achieve the improvements necessary. The IWC, however, will set the overall budget for children's services as part of its normal budget process.

Reporting on the partnership and delivery of the improvements being achieved will also include the need to demonstrate cost effectiveness of the arrangements and value for money.

Working arrangements

John Coughlan and his team will be having a regular physical presence on the Island as will other HCC staff. The precise permanent working patterns of this will evolve over time.

ICT and related assets

In order to undertake the necessary activities for the IWC HCC will need appropriate access to relevant IWC ICT systems, office accommodation, and assets used in delivering the services. There will be no transfer of ownership. With regard to the main electronic case management system, however, this will be transferred to HCC as was reported to Cabinet on 4th June 2013 when it was agreed that this be secured through HCC in a two - phased approach:-

- Phase I – transfer current IWC's version of ICS to, and be hosted by, HCC. This will require migration of a number of versions and removal of Adults information to comply with Data Protection requirements. Likely timescales 4 months (to end October 2013).
- Phase II – Move to new 'Electronic Case Management' system for Children's. Currently HCC are in competitive dialogue with two suppliers with contract award expected in Aug 2013. Likely timescales thereafter is 12 months.

DECISION MAKING PROCESS AND TIMESCALE

25. It is proposed that the partnership will come into force as from 1 July 2013. To achieve this it will be necessary for the IWC Cabinet (as entering into the agreement is an executive function) to formally agree the agreement. However Full Council will

need to confirm the appointment of John Coughlan as the Isle of Wight Council's Director of Children's Services.

26. Given the significance and importance of this particular matter Cabinet has agreed that full Council should consider this detailed report on the partnership agreement. Any recommendations made by the Council will be considered by the Cabinet at its meeting immediately following the conclusion of this council meeting.
27. The IWC Corporate Plan 2011-13 had already identified "keeping children safe" and "improving educational standards" as two of its priorities and this is also reflected in one of the priorities of the Isle of Wight Health and Wellbeing Strategy 2013-16, launched in April 2013, namely "Ensuring children and young people have the best possible start in life."

CONSULTATION

28. This report has not been subject to formal consultation with either the community or partners but reflects advice being provided to the IWC by the Children's Improvement Board (on which partner agencies are represented) and the requirement of the Department for Education. As the partnership and improvement plan are developed consultation with staff, partner agencies and relevant stakeholders will be undertaken as appropriate.
29. Throughout the last three months staff and Unison as the largest recognised trade union within the areas in scope and recognised teaching unions have been informed about the development of the Strategic Partnership and the implications for staff. John Coughlan and his deputies have paid several visits to the Island to meet with IWC children's services staff and key partners, particularly Head teachers and school governors. He also wrote to all staff and a number of staff sessions have been held.
30. The Department for Education have been regularly updated with progress and are expected to endorse the proposed agreement set out in Appendix B.
31. Hampshire County Council obtained their approval to enter into a Strategic Partnership and the headline terms of the agreement via their Lead Member delegated decision on 12 June 2013.
32. It is acknowledged that the final wording of the agreement may require some minor amendments and it is therefore recommended that the approval of the final wording of the agreement is delegated to the Strategic Director of Resources and Acting Head of Paid Service in consultation with the Leader and Cabinet Member for Children's Services, provided it does not alter the overall basis of the Agreement.

FINANCIAL / BUDGET IMPLICATIONS

33. The Partnership Agreement sets out in schedule 4 how the financial arrangements will work and the basis on which the IWC will reimburse Hampshire for undertaking the various activities in delivering children's services for the Island.
34. The costs will cover the cost of HCC staff deployed in the leadership, management and delivery of children's services plus the cost of related overhead costs and support functions used.

35. There will also be the direct cost of HCC providing and hosting the electronic case management system.
36. The actual costs will depend to some extent on how much input HCC will have to make to deliver the services and to achieve the step- change in performance required.
37. For 2013/14 it is estimated that a one-off cost of around £320k will need to be provided to cover the transition (the costs incurred in setting up prior to 1 July 2013) and interim phase (from 1 July 2013 up to December 2013) before business as usual is established. Following this the cost in a full year for business as usual will be of the order of £520k - £600k.
38. HCC have bid for financial support from the Department for Education for setting up the Partnership and if this is successful then transitional and interim costs will not be charged to IWC in part or in full.
39. Currently the IWC has put in place a number of interim arrangements which will cease during the interim stage. In broad terms the cost of this interim support for six months is of the order of £500k.
40. The additional, business as usual, costs that HCC will charge £520K-£600K per annum needs to be compared with what would be the costs of doing it ourselves without a partnership. If we continued with the interim arrangements then the additional cost in a full year would be in excess of £1m per annum. If we implemented a permanent structure with a Director of Children's Services and the necessary senior staff and support services it is likely that the additional costs would be of the order of £750k - £1m per annum. As a result there would be an additional budget requirement.
41. There will also be additional investment required within the service areas to ensure that the necessary improvements are made. These would be the same whether we had a partnership in place or not.
42. To offset these cost there will be savings from not having to provide for certain activities previously undertaken directly by IWC e.g. the leadership and management and associated support .It should also be appreciated that the current Budget would not have been sufficient to meet the additional costs required for improving the Services which would be significant in any case even if undertaking these directly ourselves.
43. It is proposed that if the transition and interim costs (£320k) are not met by the Department for Education then this will be met from a provision set aside as part of the 2012/13 Outturn provision.
44. A good part of the £520-£600k business as usual costs can be offset by resultant savings that will be able to be made by IWC. The remainder will be dealt with as part of the budget setting process for 2014/15.
45. In addition to the above costs the provision and hosting by HCC of the electronic case management system will be costed and charged separately.

46. Since the Cabinet report on 4th June the costs have been refined. Phase 1 is expected to cost £294k capital and Phase 2 £365k capital with on-going net revenue costs of some £200k annum. There will also be Hardware costs of some £170k for servers that will be needed to run the systems. HCC have also made a bid for financial support from the Department for Education for the implementation costs and if this is successful then the cost to IWC will be reduced.
47. Regardless of the partnership, however, the IWC would have needed to procure and implement a new electronic management system.

LEGAL IMPLICATIONS

48. Under the Children Act 2004, the local authority must make arrangements for ensuring that its functions are discharged having regard to the need to safeguard and to promote the welfare of children in its area.
49. There are a number of specific duties to organise and plan services and to safeguard and promote the welfare of children. These duties fall within the remit of the Director of Children's Services (DCS) under section 18 of the Children Act 2004. It is essential that the DCS, or senior managers reporting to the DCS, have relevant skills and experience in, and knowledge of, safeguarding and child protection, and that they provide high quality leadership in this area as part of the delivery of effective children's social care services as a whole.
50. S11 of the 2004 Children Act specifies that partner agencies have a duty to co-operate in promoting and securing the welfare of children and young people.
51. Safeguarding and promoting the welfare of children is defined in the Government Guidance Working Together to Safeguard Children (2013) as:
 - (a) Protecting children from maltreatment;
 - (b) Preventing impairment of children's health or development;
 - (c) Ensuring that children are growing up in circumstances consistent with the provision of safe and effective care; and
 - (d) Taking action to enable all children to have the best outcomes.
52. Specific duties arising out of the Children Act 1989 include:
 - (a) to safeguard and promote the welfare of children within their area who are in need; and
 - (b) so far as is consistent with that duty, to promote the upbringing of such children by their families by providing a range and level of services appropriate to those children's needs.
53. The local authority also has duties under the Children Act 1989 to provide accommodation for any child in need within their area who appears to require accommodation of them and further duties towards children that are being looked after by them.

54. The local authority is the lead agency and is responsible for ensuring children in need of protection receive the required services. It also has to identify the need to strengthen earlier intervention to address problems occurring in children's lives.
55. The local authority also has a statutory responsibility for ensuring the Isle of Wight Local Safeguarding Children Board is in place (Children Act 2004) and that it is fulfilling its roles and responsibilities as laid down in Working Together 2010 (Chapter 3).
56. A service deemed to be 'inadequate' by Ofsted fails to meet the statutory duties as defined above.
57. Where the Secretary of State is satisfied, as is the situation that the council is failing in any respect to perform any function, then he may make such directions as he considers expedient to secure performance to an adequate standard. The direction issued by the Secretary of State identifies a specific person and sets out what the council is to do, which includes amongst other steps; establishing a strategic partnership agreement with Hampshire County Council and appointing John Coughlan, Deputy Chief Executive and Director of Children's Services in Hampshire (and any successor to that role) as Director of Children's Services for IW Council. The Direction will remain in force for 5 years unless revoked earlier by the Secretary of State.
58. The Direction of the Secretary of State requires the strategic partnership agreement to be agreed by him, to be for a term of 5 years, and to be entered into by both local authorities. The partnership agreement has been developed between the council's to reflect the direction and the outcomes required.
59. Any subsequent changes to the partnership agreement must be agreed by the Secretary of State. John Coughlan is appointed by the direction for so long as the partnership agreement remains in force.
60. The Secretary of State can enforce the direction to ensure compliance, by an application to the High Court for a mandatory order.

EQUALITY AND DIVERSITY

61. There are no direct equality implications of entering into the agreement with HCC in that the services currently operated by IWC will continue. Any significant changes to services provided in the future will be the subject of Equality Impact Assessments. Existing staff will continue with their current employment and their current terms and conditions. Any proposals to change this will be the subject of Equality Impact Assessments as appropriate.

RISK MANAGEMENT

62. This is a major Partnership Agreement covering significant service areas. The arrangements being put in place are complex and entail significant change in the leadership and management of those services. The IWC will be responsible for the costs of HCC delivering the services and any budgetary risk.

63. The key risks are that the Partnership is not effective in delivering the improvements required and that it proves to be unaffordably expensive and operationally inefficient.
64. To mitigate this both Councils have taken a project management approach and undertaken a considerable amount of work over the last four months in developing how the partnership would operate. This work has been broken down into themes such as financial arrangements, ICT, HR, and Legal, safeguarding, Education, performance management and detailed working arrangements developed.
65. A Joint Operational Board has progressed the Partnership Agreement which has been designed to mitigate against the risks.
66. In overall terms these are IWC services that are judged to be inadequate and the partnership with HCC gives the best chance of IWC meeting its statutory duties but more importantly to make the improvements required to keep children safe and drive up educational standards.

OPTIONS

67. The options are:
- (a) To note the contents of this report and make no recommendation to Cabinet.
 - (b) To recommend to Cabinet to:
 - (i) Agree the agreement on the basis as set out in this report
 - (ii) To delegate to the Strategic Director of Resources and Acting Head of Paid Service the authority, in consultation with the Leader and the Lead Member for Children's Services, to conclude on the precise wording of the agreement provided it remains within the broad terms as set out in this report.
 - (c) To provide Cabinet alternative views of Council.
 - (d) Appoint John Coughlan as Director of Children's Services of the Isle of Wight Council as from 1 July 2013
 - (e) Not to appoint John Coughlan as Director of Children's Services of the Isle of Wight Council as from 1 July 2013

CARBON IMPLICATIONS

68. As the partnership envisages the service continues to operate from the existing buildings the only carbon implication is the potential for there to be a small increase in business mileage. This will be offset by the use of fuel efficient pool cars whenever possible.

EVALUATION

69. The proposed partnership is one of the major strategic issues for the council and although the decision is a matter for the cabinet (as an executive function) it is

considered of such significance that the views, at least, of the full Council should be obtained before the Cabinet makes its decision.

70. The Council has received a Ministerial Direction to enter into a Strategic Partnership with HCC and to undertake actions to improve Children's Services. It also directs that John Coughlan should be appointed to act as the Director of Children's Services for IWC. The partnership is felt to be the best chance of IWC meeting its statutory duties but more importantly to make the improvements required to keep children safe and drive up educational standards.

RECOMMENDATION

71. The recommendations are:
- (a) To note the contents of this report.
 - (b) Appoint John Coughlan as Director of Children's Services for the Isle of Wight Council as from 1 July 2013
 - (c) To recommend to Cabinet that they :
 - (i) Agree the agreement on the basis as set out in this report
 - (ii) Agree the overall costs ,as set out in the report ,to be met as a result of the Partnership Agreement
 - (iii) To delegate to the Strategic Director of Resources and Acting Head of Paid Service the authority, in consultation with the Leader and the Lead Member for Childrens Services, to conclude on the precise wording of the agreement provided it remains within the broad terms as set out in this report.

APPENDICES ATTACHED

72. [Appendix A](#) - Final Ministerial Direction
73. [Appendix B](#) - Proposed Partnership Agreement

BACKGROUND PAPERS

74. None.

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